

Army Regulation AR-715-xx

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Procurement Policy and Procedures

Government Purchase Card Program

**Headquarters
Department of the Army
Washington, DC
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UNCLASSIFIED

Headquarters

Department of the Army

Washington, DC

Army Regulation AR-715-xx

Procurement Policy and Procedures

Government Purchase Card Program

By Order of the Secretary of the Army:

[Name]

General, United States Army
Chief of Staff

Official:

[Signature]

Administrative Assistant to the
Secretary of the Army

[Signature]

[Name]

Secretary of the Army

History. This is the initial issuance of AR715-XX.

Summary. This regulation establishes policies and procedures required to implement, maintain, and operate a Government Purchase Card (GPC) Program within the Department of the Army.

Applicability. This regulation applies to the Active Army, the Army National Guard of the United States (ARNGUS), and the U.S. Army Reserve (USAR).

Proponent and exception authority. The proponent of this regulation is the Assistant Secretary of the Army (Acquisition, Logistics, and Technology).

The proponent has the authority to approve exceptions to this regulation that are consistent with controlling law and regulations. The proponent may delegate, in writing, the authority to approve exceptions to this regulation to a member with the rank of colonel or higher, or to a civilian with the grade of GS-15 or higher.

Army management control process. This regulation contains management control provisions and identifies key management controls that must be evaluated.

Supplementation. Use of the forms in this regulation is mandatory and shall not be changed without prior approval from the Office of the Assistant Secretary of the Army (Acquisition, Logistics, and Technology), 103 Army Pentagon, Washington, DC 20310-0103.

Suggested improvements. Users are invited to send comments and suggested improvements on DA Form 2028 (Recommended Changes to Publications and Blank Forms) directly to the Deputy Assistant Secretary of the Army (Policy and Procurement), 103 Army Pentagon, ATTN: SAAL-ZP, Washington, D.C., 20310-0103.

Distribution. Distribution of this publication is made in accordance with the requirements of [Army to assign Initial Distribution Number (IDN)] intended for electronic distribution only.

Supersession. The policy established in this document supersedes previous guidance issued by the Army Level II Activity/Organization Program Coordinator (A/OPC).

[Note: The table of contents provided on the next pages is for draft use only.

The final version, with table and figure list, will be automatically generated by the Army Electronic Publishing System.]

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Chapter 1

The Government Purchase Card Program

1-1. Purpose

a. This regulation establishes policies and procedures required to implement, maintain, and operate a GPC Program within the Department of the Army, excluding non-appropriated fund (NAF) activities. This regulation establishes Army-wide standards designed to provide all Army agencies and major Army commands (MACOMs) with a foundation upon which to build specific directives governing their programs.

b. For the U.S. Army NAF GPC Program, the Army NAF Level III A/OPC will develop policies and procedures within the parameters required by the General Services Administration (GSA), the Department of Defense (DoD), the DoD Purchase Card Joint Program Management Office (PCPMO), and this regulation. U.S. Army NAF GPC Program policies and procedures will be adapted to ensure compliance with established policies and procedures set forth in AR 215-1, Morale Welfare and Recreation Activities and NAF Instrumentalities Regulation and AR 215-4, NAF Contracting Regulation, with regard to the execution of NAF procurements using the NAF GPC.

1-2. References

Required and related publications and prescribed and referenced forms are listed in Appendix A.

1-3. Explanation of abbreviations and terms

Abbreviations and special terms used in this regulation are explained in the glossary.

1-4. Responsibilities

Responsibilities are listed in Section 1-9.

1-5. Background

- a. In 1998, GSA awarded a multiple award schedule contract for U.S. Government commercial purchase card services. The contractor (hereinafter referred to as the "Servicing Bank") provides commercial GPCs and associated services.

- b. The GPC program achieves government-wide savings by reducing the administrative costs associated with the purchase of commercially available goods and services. The GPC was adopted to replace the paper-based, time-consuming purchase order process, thereby eliminating procurement lead-time, providing transaction cost savings, reducing procurement office workload, and facilitating payment.
- c. The DoD GPC program is managed by the PCPMO.

1-6. Authority

1. The National Defense Authorization Act for Fiscal Year 1998 (Public Law 105-85; 10 U. S. C. 2304 note) provided in section 848, REQUIREMENTS RELATING TO MICRO-PURCHASES.:

DEFINITIONS- In this section:

(1) The term “micro-purchase threshold” has the meaning provided in section 32 of the Office of Federal Procurement Policy Act (41 U.S.C. 428).

(2) The term “streamlined micro-purchase procedures” means procedures providing for the use of the Government-wide

commercial purchase card or any other method for carrying out micro-purchases that the Secretary of Defense prescribes in the regulations implementing this subsection.

(2) Federal Acquisition Regulation (FAR) 1.603-3, Appointment, provides:

(a) Contracting officers shall be appointed in writing on an SF 1402, Certificate of Appointment, which shall state any limitations on the scope of authority to be exercised, other than limitations contained in applicable law or regulation. Appointing officials shall maintain files containing copies of all appointments that have not been terminated.

(b) Agency heads are encouraged to delegate micro-purchase authority to individuals who are employees of an executive agency or members of the Armed Forces of the United States who will be using the supplies or services being purchased. Individuals delegated this authority are not required to be appointed on an SF 1402, but shall be appointed in writing in accordance with agency procedures.

(3) FAR 13.301, Government-wide commercial purchase card, provides:

(a) The Government-wide commercial purchase card is authorized for use in making and/or paying for purchases of supplies, services,

or construction. The Government-wide commercial purchase card may be used by contracting officers and other individuals designated in accordance with FAR 1.603-3. The card may be used only for purchases that are otherwise authorized by law or regulation.

(b) Agencies using the Government-wide commercial purchase card shall establish procedures for use and control of the card that comply with the Treasury Financial Manual for Guidance of Departments and Agencies (TFM 4-4500) and that are consistent with the terms and conditions of the current GSA credit card contract. Agency procedures should not limit the use of the Government-wide commercial purchase card to micro-purchases. Agency procedures should encourage use of the card in greater dollar amounts by contracting officers to place orders and to pay for purchases against contracts established under FAR 8 procedures, when authorized; and to place orders and/or make payment under other contractual instruments, when agreed to by the contractor. See FAR 32.1110(d) for instructions for use of the appropriate clause when payment under a written contract will be made through use of the card.

(c) The Government-wide commercial purchase card may be used to-

(1) Make micro-purchases;

(2) Place a task or delivery order (if authorized in the basic contract, basic ordering agreement, or blanket purchase agreement); or

(3) Make payments, when the contractor agrees to accept payment by the card.

1-7. Policy

The Chiefs of the Contracting Offices are encouraged to delegate micro-purchase authority to individuals who are Army employees or members of the United States Army who will be using the supplies or services being purchased. Such micro-purchase authority should be delegated to the lowest possible level; however, a GPC shall be issued only to individuals who have received the orientation and training on the Army purchase card program as required in this regulation.

If contractors working under cost type contracts request a GPC, their requests shall be forwarded to the Army contracting officer for the cost-reimbursable

contract. If that contracting officer determines that the contractors are eligible, the contractors will then file a Request for Eligibility Determination with the GSA SmartPay Contracting Officer.

Army cardholders who are Ordering Officers may be authorized to utilize the GPC as a payment instrument for orders made against GSA Federal Supply Schedule (FSS) contracts, orders made against Blanket Purchase Agreements (BPA) placed under GSA FSS contracts or orders placed against DoD Indefinite Delivery/Indefinite Quantity (IDIQ) contracts that contain a provision authorizing payment by purchase card.

The GPC may also provide a streamlined way of paying for contracts other than those listed above. Prior to using the GPC in this way, a contracting officer shall determine that use of the GPC for contract payments is in the best interest of the government. The written determination shall address any increase in price and/or administrative costs caused by use of the GPC to make contract payments versus the costs of processing these contract payments without the use of the GPC.

The GPC may be used to pay for government-owned materiel or government-performed services received from other government sources (i.e., DAPS, GSA Global, DLA). When using the GPC to pay for services or supplies received from other government sources, procurement thresholds do not apply.

The GPC shall be used as a method of payment for all commercial training \$25,000 and below.

The maximum single transaction dollar limit for the GPC for stand-alone purchases shall be the micro-purchase threshold as defined at FAR 2.101. The maximum single transaction dollar limit for contract payments against existing contracts shall be as identified in the contract.

1-8. Applicability

This regulation applies to all GPC purchases with Army-appropriated funds. Non-Army tenant organizations issued Army GPCs or convenience checks by an Army contracting office are also subject to this regulation. All Billing Officials, Cardholders, A/OPCs (at all levels), Resource Managers, Logisticians, and other stakeholders that participate in the GSA SmartPay Purchase Card Program under the Army Level II hierarchy are subject to this regulation. The policy established in this document supersedes previous guidance issued by the Army Level II A/OPC. Explanation of the Army Level hierarchy is provided below at 1-9.

1-9. Program organization and responsibilities

The GPC program is managed through a six-level reporting hierarchy. The program's structure and assigned roles and responsibilities are listed here.

- (1) **Level I.** The first level of the reporting hierarchy represents DoD as a whole. The DoD PCPMO serves as the Level I reporting agency for DoD.
- (2) **Level II.** The second reporting level identifies the military service. The Army Headquarters A/OPC is the Level II reporting entity for the Army. An Army Headquarters staff member serves as the Level II A/OPC, which entails administering the Army GPC Program, establishing policies and guidelines, ensuring effective surveillance within the MACOMs, and serving as a liaison with Army organizations, the Servicing Bank, the PCPMO, and GSA.
- (3) **Level III.** The third reporting level identifies the MACOM or equivalent organization. A procurement staff member (DAWIA Level II Trained) at each MACOM or equivalent organization shall be designated as the Level III A/OPC. Primary Level III responsibilities include implementing, administering, and monitoring the MACOM GPC program subject to DoD and Army policies; serving as a liaison with Army Headquarters, the Servicing Bank, MACOM staff, and field organizations; and providing

program support to MACOM and installation GPC focal points. The Level III A/OPC establishes and implements MACOM-specific policy and guidelines and develops the organization's surveillance plan, internal management controls and reporting mechanisms. The Level III A/OPC reports to the Level II A/OPC as required.

(4) **Level IV.** The fourth reporting level identifies the installation/organization.

The installation/organization's Chief of Contracting Office designates a contracting staff member (DAWIA Level II Trained) as the Level IV A/OPC to manage the day-to-day operation of the GPC Program at the installation/organization. The Level IV A/OPC is responsible for implementing and administering the GPC program; establishing policy and guidance; conducting training and monitoring GPC use at the installation level; and serving as a liaison between the MACOM, the Servicing Bank, the Defense Finance and Accounting Service (DFAS), and installation organizations. Oversight responsibilities may not be redelegated. The Level IV A/OPC's specific responsibilities include the following:

- (a) Account management to include, processing GPC applications; maintaining a current listing of all Cardholders and Billing Officials under the Level IV A/OPC's jurisdiction; closing accounts upon abuse or misuse of card privileges, compromise of account information, card

loss, or Cardholder departure; and annually determining each Cardholder's continuing need to maintain an account.

(b) Ensuring letters of procurement authority delegation are issued to Cardholders.

(c) Managing GPC account profiles to properly reflect single purchase and cycle spending limits and Merchant Category Code (MCC) inclusions and exclusions.

(d) Developing and implementing local procedures to identify, and make Cardholders aware of, items that the local command prohibits from purchase with the GPC.

(e) Ensure completion of the following for all Cardholders and Billing Officials:

(1) Mandatory DAU initial GPC training.

(2) Annual refresher training.

(3) Proper maintenance of training records.

(f) Maintaining an appropriate span of control between Billing Officials and Cardholders.

- (g) **Assisting Cardholders and Billing Officials in fulfilling their responsibilities.**
- (h) **Monitoring Bank transaction reports during the billing cycle to disclose potential prohibited or improper use, and taking immediate action to address suspected legal or policy violations.**
- (i) **Monitoring Bank transaction declination reports to identify potential fraud activity.**
- (j) **Conducting an annual review of each assigned Billing Official's records and procedures. This oversight responsibility may not be delegated.**
- (k) **Issue a formal written report on the results of the review to the Billing Official's Head of Activity (HA) within 30 days of completing the review.**
- (l) **Reviewing transactions and buying logs of newly appointed Cardholders within three months of their appointment.**
- (m) **Reviewing convenience check transactions to ensure that program officials are complying with the governing financial management and acquisition regulations.**

(n) Processing requests for user identifications and passwords for the Servicing Bank's automated system.

(o) Obtaining and forwarding completed DD Form 577 appointments to the supporting DFAS Operating Location (OPLOC).

(p) Working with Resource Managers and Billing Officials to correct and process rejected electronic data interchange (EDI)-transmitted billing invoices.

(5) **Level V.** The fifth reporting level identifies the Billing Official (also referred to as the Approving Official and the Certifying Officer). The Billing Official's primary responsibilities involve GPC administration for his Cardholder accounts including approval/disapproval of all purchases, funds accountability, property accountability, invoice certification, and surveillance of all Cardholders within that Billing Official account. The Billing Official is nominated by the HA and is recommended to be in the Cardholder's supervisory chain. He or she has oversight responsibility for a number of Cardholders to ensure that all transactions are necessary and for official government purposes only. The Billing Official is also a Certifying Officer within the context of the GPC program. The Certifying Officer's minimum qualifications and eligibility are discussed in DoD Financial Management Regulation (FMR) Volume 5, Chapter 33. Billing

Officials are responsible for the accuracy of payments, including designation of the proper appropriations(s) or other funds, certified to the paying office and Disbursing Officer. Billing Officials are financially responsible for any illegal, improper, or incorrect payment as a result of an inaccurate or misleading certification. The Billing Official's responsibilities include, but are not limited to:

- (a) Recommending GPC dollar limits to the Level IV A/OPC for Cardholders under the Billing Official's oversight.
- (b) Ensuring each Cardholder fulfills his or her responsibilities related to the GPC.
- (c) Reviewing his or her assigned Cardholder's statements and approving a statement in a Cardholder's absence within the required time frames.
- (d) Verifying that all of his or her assigned Cardholders' transactions were necessary to support the card holder's supported work area and permitted government purchases in accordance with GPC policy and guidance, and all other government agency policy and procedures.

- (e) Retaining a copy of each billing statement and maintaining all original supporting documentation (for example, receipts, logs, invoices, delivery tickets, and approvals).
- (f) Notifying the Property Book Officer of all accountable property acquired.
- (g) Reporting suspected cases of fraudulent, improper, abusive, or questionable purchases to the Level IV A/OPC.
- (h) Notifying the Level IV A/OPC as soon as possible (in most cases prior to the event) to close any Cardholder accounts for individuals who have transferred, terminated, are in “absent without leave” (AWOL) status, retired or have otherwise no further need for use of the GPC.
- (i) Notifying the Level IV A/OPC of any lost, stolen or compromised cards (in addition to the Cardholder’s immediate notification of the Servicing Bank) and submitting a report to the Level IV A/OPC within five business days to detail the circumstances of the lost, stolen or compromised card.
- (j) Resolving any questionable purchases with the Cardholder.
- (k) Certifying billing statements

- (1) Electronically within 5 business days for Electronic Data Interface (EDI)-enabled accounts
 - (2) Forwarding the official invoice to the Paying Office for payment in the case of manually paid accounts within 15 days of receipt
 - (l) Ensuring designation of the proper line of accounting.
 - (m) Ensuring there is at least one Alternate Billing Official appointed.
 - (n) Notifying the Level IV A/OPC to terminate or reassign a Billing Official account prior to the Billing Official's reassignment to other duties and/or departure from the installation/activity.
- (6) **Level VI.** The sixth reporting level identifies the individual Cardholder. Primary responsibilities include making authorized transactions, collecting and maintaining the required documentation, logging and reconciling transactions, and obtaining approvals of all transactions made in support of organizational requirements. A Cardholder's responsibilities include the following, but are not limited to:
- (a) Completing the required initial and refresher training as described below at paragraph 2-2.

- (b) Comply with FAR 8 and DFARS 208 required sources (for example, Javits-Wagner-O'Day items), rotating merchants when practicable, and utilizing Mandatory Army Blanket Purchase Agreement to purchase supplies and services.
- (c) Obtaining all required pre-purchase approvals.
- (d) Using the GPC to purchase and/or pay only for official supplies and services in support of the Cardholder's agency's mission, ensuring that he or she does not use the GPC to purchase items for personal use, ensuring that others do not use his or her GPC or account number, and understanding what restrictions may be placed on purchases by the funds allotted to the card.
- (e) Maintaining the Servicing Bank's electronic purchase log.
- (f) Verifying receipt/acceptance of purchased goods or services.
- (g) Maintaining receipts and other supporting documentation for purchases until provided to the Billing Official monthly.
- (h) Reviewing, reconciling, and approving transactions.

(I) Resolving unauthorized, erroneous, or questionable transactions with merchants.

(II) Resolving with merchants and tracking any purchases billed but not received.

(i) Disputing with the merchant any unresolved transaction for which a charge occurred during the prior billing cycle(s) but the item(s) have not been received, and tracking the dispute to completion.

In accordance with the GSA SmartPay contract, disputes shall be filed, using a Cardholder Statement of Questioned Items (CSQI), within 60 days of the cycle end date in which the transaction appeared.

(j) Notifying the Billing Official of unusual/questionable requests and disputable transactions.

(k) Maintaining physical security of the GPC (and convenience checks) to avoid unauthorized use. No one except the Cardholder shall use the GPC. Additionally, the Cardholder shall not release the GPC account number to entities other than a merchant processing a transaction.

(l) Immediately reporting lost, stolen, or compromised cards to the Servicing Bank, Billing Official, and Level IV A/OPC.

- (m) Notifying the Billing Official of a lost, stolen, or compromised GPC within one business day, so that the Billing Official can meet the requirement to submit a report to the Level IV A/OPC within five business days.
- (n) Notifying the Level IV A/OPC to terminate the card upon reassignment to other duties and/or departure from the installation/activity.
- (o) Maintaining the Servicing Bank's electronic purchase log throughout the billing cycle, reconciling all transactions, and approving the statement of account within three business days of the end of the billing cycle. If the electronic purchase log is not accessible, the Cardholder is responsible for maintaining a manual purchase log.
- (p) Ensuring funds are available to pay for a purchase prior to making the buy.
- (q) Ensuring purchased items are received by the requiring activity.
- (r) Notifying the Property Book Officer of the receipt of all accountable property and providing its descriptive and serial number information.

1-10. Management of the GPC Program

- a. The Head of the Contracting Activity (HCA) has the overall ownership and cognizance of the GPC program. Responsibility for the establishment and operation of an agency's GPC program is delegated to the agency's Principal Assistant Responsible for Contracting (PARC).
- b. The PARC will designate a Level III A/OPC and an alternate(s) who will be dedicated to the GPC Program within their agency/organization. PARCs will ensure that adequate resources are dedicated to the GPC program within their agency/organization to ensure successful management of the program. Only individuals who meet the following criteria may be appointed as Level III Coordinators for the GPC Program; Appointed 1102's, and at a minimum DAWIA Level II certified. This requirement is effective upon publication of this document. Although the Level III Program Coordinator position typically warrants a GS-11 or higher grade, the A/OPC Level III grade will depend on the responsibilities, complexity, and volume of the program.

Exception: Any individual occupying a GPC Coordinator position (Level III) on or before the publication of this document may remain in current position; however, the A/OPC and all alternates shall receive training in the GPC program as well as basic contracting courses. When position becomes vacant, it must be filled in compliance with 1102 requirements.

c. The PARC management responsibility authority for the GPC Program is further delegated to the Chiefs of Contracting Offices. They will ensure that adequate resources are dedicated to the GPC program within their installation/activity to allow effective administration of the program. They will also coordinate with the local personnel office(s) to ensure procedures are established that will require individuals involved in the GPC Program to clear through the Level IV A/OPC when they out-process from the installation. The Level IV A/OPC will be appointed at a grade that will depend on the responsibilities, complexity, and volume of the program or they will appoint Level IV A/OPCs of a sufficient grade/rank to exercise their authority. Effective on the date of the publication of this document, only individuals who meet the following criteria may be appointed as Level IV Coordinators for the GPC Program; appointed 1102 series, and DAWIA Level II certified.

Exception: Any individual occupying a GPC Coordinator position (Level IV) on or before the publication of this document may remain in current position; however, the A/OPC and all alternates shall receive training in the GPC program as well as basic contracting courses. When position becomes vacant, it must be filled by an individual who meets the 1102 requirements. In addition, they will ensure that Level IV A/OPCs receive training in the GPC program as well as in general contracting subjects that will support career progression.

- d. The Level IV and Level III A/OPCs must have the following knowledge, skills, and abilities:
- (1) An understanding of the relevant policies, procedures, and commercial contracting practices;
 - (2) The ability to communicate, organize, and manage effectively;
 - (3) Basic analytical and computer skills; and
 - (4) The ability to analyze, research, and provide concise recommendations to the chain of command on required actions to anticipate, prevent, or correct problems in business processes that are supported by the GPC.
- e. Installation, unit, and local Heads of Activities or their designees will nominate individuals from their organizations as Billing Officials and Cardholders. Because of the Billing Official's fiduciary obligation to ensure the proper use of, and expenditures under, the GPC, he/she will also be responsible for certifying payments to the paying office's Disbursing Officer for the Servicing Bank's GPC invoice. Billing Officials are financially responsible for erroneous payments resulting from the performance of their duties in accordance with Title 31, United States

Code, Section 3528. They will ensure procedures are in place so that individuals who are retiring or departing the organization will forfeit their cards to the Level IV A/OPC and notify him/her to close their account.

- f. Resource Managers will fund GPC purchases using the “bulk” method in lieu of creating and citing unique accounting classifications for each individual GPC purchase. The bulk funding method requires a periodic (monthly, bimonthly, or quarterly) fund reservation, through obligation or commitment, equal to the anticipated purchases for that period. Bulk funds may be assigned as a single line of accounting to each Cardholder account to cover anticipated GPC purchases for a specified period (see Federal Acquisition Regulation (FAR) 13.101(b)(4)). The Resource Manager is responsible for:

- (1) Coordinating GPC funding and spending limits with the Billing Official and Level IV A/OPC.

- (2) Establishing bulk funding for each account, at either the Cardholder or Billing Official level.

- (3) Providing the Billing Official or Cardholder with an official notification of funding.

(4) Assigning default and alternate lines of accounting as appropriate.

(5) If responsible for non-EDI accounts, ensuring that obligations are posted prior to the submittal of an invoice.

(6) Assisting with resolving accounts that are in a delinquent status and providing payment information when requested.

(7) Assisting the Level IV A/OPC with the surveillance of assigned accounts.

g. The assigned DFAS OPLOC is responsible for:

(1) Maintaining the DD Form 577.

(2) Receiving and processing electronic data interchange (EDI) transaction sets 821, Obligation Files; and 810, Invoice Files, and notifying the responsible installation or activity when the corresponding files are not received.

(3) Notifying the installation/activity, within one day, of rejects and interest penalties assessed to individual accounts.

- (4) Receiving and processing requests for manual payments; for example, bank system rejects and non-EDI accounts.

Chapter 2

Establishing and Maintaining a GPC Account

2-1. Nomination, selection, and appointment of Cardholders and Billing Officials

- a. An installation, unit, or local HA, or senior official must nominate prospective Cardholders through a nomination letter to the local DOC. The letter will explain why the nominee needs a GPC and will verify the individual's trustworthiness and reliability in carrying out the responsibilities inherent in holding a GPC. Officials should only nominate individuals who have demonstrated responsibility and possess the required business acumen to be entrusted with a GPC.
- b. Creditworthiness: Reserved.
- c. Cardholders whose nominations have been accepted by the DOC must successfully complete the required GPC and procurement ethics training

and be delegated micro-purchase authority by the DOC prior to receiving a GPC. A sample delegation of micro-purchase authority is provided at Appendix F.

- d. Similarly, Billing Officials whose nominations have been accepted by the DOC must successfully complete the required GPC and procurement ethics training and be delegated Billing Official authority by the DOC. The local HA or senior official must complete a DD Form 577. A sample DD Form 577 is provided in Appendix E.

2-2. Training requirements

- a. Individuals must complete locally developed GPC training and the mandatory web-based Defense Acquisition University (DAU) DoD GPC Tutorial prior to being delegated micro-purchase authority. Each Level IV A/OPC is responsible for providing training to Cardholders and Billing Officials. There will be no exceptions or substitutions for this training. At a minimum, the training for Cardholders and Billing Officials will cover the following:

- (1) Army Purchase Card Program policies and procedures.

- (2) Cardholder and Billing Official duties and responsibilities.

- (3) Cardholder and Billing Official guides developed by the Servicing Bank.
- (4) Procedures and techniques for the use of the Servicing Bank's automated system.
- (5) Funding, billing, payment, and file documentation requirements.
- (6) Property accountability procedures.
- (7) Ethics Training.
- (8) Mandatory sources of supply.
- (9) FAR/DFARS/AFARS coverage of simplified acquisition procedures
- (10) Record retention requirements.
- (11) Prohibited items and items that require pre-approval for purchase.
- (12) Dispute procedures.

- (13) Cancellation and lost, stolen, or compromised card procedures.
- b. Additional training is required for Cardholders who will be given authority to place orders above the micro-purchase threshold against existing contracts, and for Cardholders outside the Continental United States (OCONUS) who will have a single purchase limit in excess of \$2,500 [DFARS] 213.3).
 - c. Annual refresher training for all Cardholders and Billing Officials can be accomplished locally by the Level IV A/OPC or via the DAU GPC training course. This training shall cover relevant changes as well as any special requests or needs of the group being trained. Cardholders and Billing Officials who fail to complete annual refresher training shall have their GPC account suspended until training is completed.
 - d. Level IV A/OPCs should notify all participants in the GPC program of changes, as they occur, through the most efficient means (such as e-mail or newsletters).
 - e. Attendance at the annual GSA SmartPay Conference is mandatory for all primary and alternate Level 4 A/OPCs. This is the only A/OPC training venue for the GPC program.

2-3. Account establishment

- a. A GPC will be issued only as mission requirements warrant. Only DoD civilian employees and military personnel may be issued a GPC or be appointed a Billing Official. GPCs shall not be issued to contractor personnel. OCONUS, local national employees of the Army, and host Government direct hires for OCONUS agencies/organizations whose salaries are reimbursed by the Army, are not considered DoD contractors, and may be designated as Cardholders and Billing Officials.
- b. Only those personnel with a continuing need to use the GPC will be appointed Cardholders. Billing Officials will advise the Level IV A/OPC when Cardholders no longer have a continuing need or will transfer to other duties or organizations, retire, or leave Government service. Billing Officials will confirm that the actual cards assigned to these individuals were returned and destroyed. During the annual review of a Billing Official's account, the Billing Official will advise/recommend to the Level IV A/OPC whether, based on mission requirements and purchase history, a continuing need for the GPC is justified for each assigned Cardholder.
- c. The Level IV A/OPC, in coordination with the Resource Manager and Billing Official, will set and maintain each Cardholder's spending limits and merchant codes based on a reasonable estimation of what that

Cardholder needs to buy as part of the activity mission and function. The single purchase limits and monthly limits should be set at a level that is commensurate with the buying history of the activity or organization. The Resource Management Office will establish the default and alternate lines of accounting for the proper designation of appropriation.

- d. In organizations with both appropriated and non-appropriated funds, separate Cardholder accounts must be established to segregate purchases by fund type.

2-4. Account maintenance

The Level 4 A/OPC is required to update account information upon notification of changes in a Cardholder's name, address, single purchase and monthly spending limits, or authorized MCCs. Cardholders must promptly report lost, stolen, or compromised cards to the Servicing Bank's Customer Service Center, Billing Official, and Level IV A/OPC. The Servicing Bank shall immediately block the account from accepting additional charges.

2-5. Liability of the Government, Cardholders, and Billing Officials

- a. Use of the GPC by an authorized Cardholder to make an unauthorized purchase is the liability of the Government. However, the

installation/organization is responsible for taking appropriate action against the Cardholder.

- b. The intentional use of the GPC for other than official Government business may be considered an attempt to commit fraud against the U.S. Government. Misuse may result in immediate cancellation of an individual's card, financial liability, and negative administrative and/or disciplinary action against the Cardholder and, if warranted, against the Billing Official.
- c. Liability: GPC Billing Officials are personally and pecuniarily liable for the full amount of any improper payments resulting from misuse, abuse, or unauthorized purchases of the GPC, in accordance with Title 31 U.S. Code § 3528. Strict pecuniary liability attaches automatically when there is an erroneous payment. GPC Cardholders are pecuniarily liable for erroneous payments that result from the negligent performance of duties in the amount of erroneous payment, up to one month's pay. All accountable officials are required to comply with DoD regulations, policies, and procedures, including standard operating procedures. Failure to act in accordance with such regulations, policies, and procedures is generally considered evidence of negligence. Following orders from superiors that are contrary to regulations, policies, and procedures, is no defense to

negligence or bad faith. A heavy workload or a lack of experience, supervision, or training, is not a factor in determining relief from liability.

- d. Statutory authority: Any misuse of the GPC is subject to criminal, civil, Uniform Code of Military Justice, administrative, and disciplinary actions as appropriate.

(1) Cardholders are defined under the DoD FMR as an Accountable Official. As such, Cardholders are liable for up to one month's pay for misuse resulting from their negligent actions. DoD Directive 7000.15 §3.2 imposes financial liability for negligent performance of the Cardholder's duties. The FMR Vol. 5, Chapter 33, § 3307 also discusses pecuniary liability. Accountable Officials shall be personally and pecuniarily liable for erroneous payments that result from the negligent performance of duties in the amount of the erroneous payment, up to one month's pay.

(2) Billing officials: Title 31 U.S. Code § 3528 provides for personal and pecuniary liability for improper payments resulting from misuse/abuse of the purchase card for Certifying Officials. The GPC Billing Official meets the definition for Certifying Officer in the DoD FMR. The Billing Official is financially liable for improper payments resulting from misuse or abuse of the GPC. The act of certifying a billing statement for

payment makes the Billing Official financially responsible for illegal, improper, or incorrect payment due to an inaccurate or misleading certification. Consequently, a Billing Official who knowingly makes a false certification may be asked repay the Government for the items or service purchased. If a Billing Official is unsure about certification, he/she should contact the supporting Level IV A/OPC for guidance and/or assistance.

- e. **TRIGGERS OF LIABILITY:** 31 U.S.C. § 3528 and Paragraph 330303 of the FMR states that Certifying officers are responsible for: Repaying a payment: 1. that is determined to be illegal, improper, or incorrect because of an inaccurate or misleading certificate; 2. that is determined to be prohibited by law; or 3. that does not represent a legal obligation under the appropriation or fund involved. Unauthorized purchases, being contrary to law and regulation, will trigger personal and pecuniary liability.
- f. **INVESTIGATION REQUIRED:** When a review/audit of the GPC account indicates questionable purchases, to include unauthorized purchases, the reviewer **MUST** ask the Certifying Officer for justification. If there is no justification, the reviewer must raise a charge against the billing official and notify the Billing Official's Commander or Director. That Commander **MUST** conduct an

investigation, (in accordance with AR 15-6, and the DoD FMR 3308, to determine whether the erroneous payment was the result of the accountable official's negligence. The investigation must provide the DoD employee or military member with an opportunity to rebut the presumed liability. If the commander/director determines that the erroneous payment was not the result of the accountable official's negligence, the charge against that official shall be cleared. Failure to follow regulation and policy constitutes negligence.

- g. **DEBT COLLECTION:** If liability has been determined by the investigation, the efforts to recover the funds must be undertaken in accordance with the debt collection procedures prescribed in Chapters 29 and 30 of the DoD FMR. Statutory authority for debt collection by involuntary salary and administrative offset are found at: 5 U.S. Code § 5705 for Civilian employees; and 37 U. S. Code § 1007 for military members.
- h. **REQUIREMENT TO CONDUCT INVESTIGATION:** DoD FMR (DoD 7000.14-R), Vol. 5 Chapter 33, Para 330805, impose the requirement for Commanders to conduct an investigation of erroneous GPC payments.

- i. **PROCEDURES USED IN THE INVESTIGATION:** Army Commanders should use specific instructions for conducting formal and informal investigations contained in AR 15-6. Commanders from other services should use that services specific regulation. The convening authority shall appoint an Investigative Officer, citing AR 15-6 and DoD FMR, Vol. 5 Appendix C, (DoD 7000.14-R), as authority for the investigation.

- j. **STANDARDS APPLICABLE IN THE INVESTIGATION:** The liability of Billing Official is strict and independent of any fault or negligence. In evaluating the facts to determine whether any accountable individual was negligent for purposes of relief from liability, the standard of “reasonable care” is applied. This is the standard of simple or ordinary negligence, not gross negligence. Since liability of an accountable individual is strict and automatic at the time of the loss or deficiency, the fact of the occurrence of a loss or deficiency gives rise to a presumption of negligence on the part of the accountable individual. While the presumption may be rebutted by evidence to the contrary, it is the accountable individual's burden to produce the evidence. It should be emphasized that the Government does not have to produce evidence to establish that the accountable individual was at fault to hold him or her liable; liability is automatic.

- k. **REQUESTS FOR RELIEF:** Under Title 31 USC § 3528, the Comptroller General may relieve a certifying official (Billing Official) from liability when the Comptroller General decides that — (1) the certification was based on official records and the official did not know, and by reasonable diligence and inquiry could not have discovered, the correct information; or (2) the obligation was incurred in good faith; no law specifically prohibited the payment; and the United States Government received value for payment. The Comptroller General may deny relief when the Comptroller General decides the HA did not carry out diligent collection action under procedures prescribed by the Comptroller General.
- l. **DEBT COLLECTION AUTHORITY:** If liability has been determined by the investigation, the efforts to recover the funds must be undertaken in accordance with the debt collection procedures prescribed in chapters 29 and 30 of the DoD FMR. Statutory authority for debt collection by involuntary salary and administrative offset are found at: Section 5514 of Title 5 of the United States Code for civilian employees and section 1007 of Title 37 of the United States Code for members of the United States Army.
- m. The following are the authorities that allow action against an individual who misuses the GPC:

(1) Criminal Disciplinary Actions:

- False Claims (18 U.S.C. Section 287)
- False Statements (18 U.S.C. Section 1001)
- Major Fraud Act (18 U.S.C. Section 1031)
- Mail Fraud (18 U.S.C. Section 1341)
- Wire Fraud (18 U.S.C. Section 1343)
- Conspiracy to Defraud (18 U.S.C. Section 371)
- Conflicts of Interest (18 U.S.C. Section 208)
- Theft; Embezzlement, and Destruction of Public Money, Property or Records (18 U.S.C. Section 641)
- Uniform Code of Military Justice (10 U.S.C. Chapter 47) Note:
Applicable only to members of the military

(2) Civil Disciplinary Actions:

- False Claims Act (31 U.S.C. Section 3729 and the subsequent sections)
- Program Fraud Civil Remedies Act (31 U.S.C. Section 3801 and the subsequent sections)
- Anti-Kickback Act (41 U.S.C. Section 51 and the subsequent sections)
-

(3) For civilian employees, the following administrative disciplinary actions are authorized:

- Adverse counseling; and/or suspension without pay, and/or termination of employment.

2-6. Card suspension policy

a. In accordance with DoD business practices, when any of the following conditions exist the Servicing Bank will automatically suspend Billing Official accounts.

(1) When a Billing Official's account goes over 60 days past due (90 days after the billing date), that Billing Official's account, and those of all assigned Cardholders within the account, will be suspended until the delinquent payment posts at the Servicing Bank.

(2) When a Billing Official's account goes over 180 days past due (210 days after the billing date) all accounts that are assigned under the respective Level IV A/OPC will be suspended.

(3) When a Billing Official's account has more than 20 open Cardholder accounts, the Billing Official's account will be suspended unless a waiver has been approved by the Army Level II A/OPC.

- b. Only the Army Level II A/OPC may reopen accounts that have been suspended before the cause of the suspension has been corrected.
Before reopening accounts that have been closed due to delinquent payments, the Level III A/OPC must document that payments have been made to the Servicing Bank to clear the delinquencies.
- c. Accounts will be closed permanently if more than two suspensions occur within a 12-month period.
- d. Only the Army Level II A/OPC may approve waivers to the Army Purchase Card Account Suspension Policy.

2-7. Card security

Cardholders are responsible for properly using and safeguarding their GPCs. Accordingly, Cardholders should take the appropriate precautions comparable to those taken to secure personal checks, credit cards, or cash.

Chapter 3

Operational Guidance and Procedures

3-1. Making purchase transactions

A Cardholder may be delegated micro-purchase authority to purchase supplies, equipment, and non-personal services authorized by law. Volume I of the Government Accountability Office (GAO) Appropriations Law explains that federal funds are made available for obligation and expenditure by means of appropriation acts and the subsequent administrative actions which release appropriations to the spending agencies. The use or “availability” of appropriations once enacted and released (that is, the rules governing the purpose, amounts, manner, and timing of obligations and expenditures) is governed by various authorities: the terms of the appropriation act itself; legislation, if any, authorizing the appropriation; the “organic” or “enabling” legislation which prescribes a function or creates a program which the appropriation funds; general statutory provisions which allow or prohibit certain uses of appropriated funds; and general rules which have been developed largely through decisions of the Comptroller General and the courts. These sources, together with certain provisions of the Constitution of the United States, form the basis of “appropriations law”-an area where questions may arise in as many contexts as there are federal actions that involve spending money.

Whether supplies or services are authorized by law depends on three things:

(1) The purpose of the purchase,

(2) The obligation must occur within the time limits applicable to the appropriation; and

(3) The obligation and expenditure must be within the amounts Congress has established.

Thus, there are three elements to the concept of availability: purpose, time, and amount. All three must be observed for the obligation or expenditure to be legal. See Appendix C and section 3-2 for help with identifying whether a proposed purchase is authorized by law.

- a. Overseas Cardholders who receive authorization and training from their Level IV A/OPC may use the GPC to make commercial purchases up to \$25,000 if the purchases are made outside the United States, for use outside the United States, in accordance with DFARS 213.301. Purchase requirements that exceed the micro-purchase threshold should be referred to a contracting office for formal contracting action. A requirement cannot be split into smaller component parts to avoid formal contracting procedures. Splitting requirements solely to keep them under the micro-purchase threshold is prohibited.

- b. Contracting Officers may award contracts and purchase orders that cite a GPC as the method of payment up to the warrant limit of the Contracting Officer. It is highly recommended that the Billing Official of Cardholders with a GPC used for contract payments as authorized above shall be an individual assigned to the contracting organization in the DAWIA Level II Certified contracting series. Cardholders with a GPC used for contract payments must comply with the requirements of this regulation for establishing, funding, reconciling, and approving card purchases when the card is used as a payment method on a contractual document. Other individuals, designated by the contracting officer, under the supervision of the contracting officer, may use the GPC for payments against existing contracts for payment up to \$25,000.00.
- c. If authorized as an Army Ordering Officer to place orders above the micro-purchase threshold, Cardholders who are not Contracting Officers will use the GPC only to obtain items from GSA Federal Supply Schedule (FSS) contracts, Army blanket purchase agreements tied to GSA FSS contracts, DoD Indefinite Delivery/Indefinite Quantity (ID/IQ) contracts or from Army contracts that, by their terms, expressly allow Army Ordering Officers to place orders and pay with the GPC. For example, the Army-wide BPA for office products can be used to acquire items valued above \$2,500 with the GPC. Training requirements and special delegations to receive this authorization are identified in AFARS 5113. All purchases greater than

\$2,500 must be reported in accordance with DFARS 204.6, Contract Reporting, and AFARS 5104.6, Contract Reporting. Cardholders are responsible for electronically or otherwise completing the reporting requirements for all purchases over \$2,500. An individual Contract Action Report (CAR), is required for all transactions exceeding \$2,500, with two exceptions 1.) Training DD Form 1556 or equivalent payments and 2.) Purchases under \$25,000 made outside the United States. Intra-Governmental transfers (for example, Defense Automated Printing Service (DAPS) and GSA Global) are not purchases or payments, therefore such transactions are not required to be reported.

- d. The GPC is the authorized method of payment for all commercial training authorized by the DD Form 1556 or equivalent and valued at or below \$25,000.
- e. Cardholders may place orders online via the Internet if authorized by their internal agency procedures to do so. When making online purchases, Cardholders will take appropriate measures to safeguard their account numbers at all times and ensure that they are purchasing on a secure Web site.

3-2. Prohibited purchases and restrictions on GPC use

- a. Each Cardholder is authorized to buy supplies and services that support the agency mission; provided there is adequate funding, the items are purchased at a reasonable price, and are not prohibited. While some requirements are clearly permitted and others are obviously prohibited, some fall in the gray area. In those cases, the Cardholder shall consult with his or her Resource Manager or Level IV A/OPC for guidance. Appendix C provides general rules regarding prohibited items and items requiring pre-purchase approval. In most cases, Appendix C should allow the Cardholder to determine whether a particular buy is appropriate. This list is not all-inclusive and should be supplemented by MACOM and installation A/OPCs (Levels III and IV), as necessary. Cardholders shall ensure that all purchases are properly documented, and that necessary approvals are obtained prior to making the purchase.
- b. In addition to the items listed in Appendix C, Cardholders should obtain pre-purchase approval and documentation for requirements that appear to be outside the normal needs of the requesting organization. This documentation must address the bona fide need for the item that is being acquired.
- c. Each GPC account has a single purchase transaction limit and monthly purchase limit. Generally the single purchase limit is the micro-purchase

threshold. The monthly purchase limit is the cumulative spending value for the account's billing cycle. Total monthly purchases may not exceed the billing cycle limit that is established in the Servicing Bank's transaction authorization system. These spending limits may be modified by the Level IV A/OPC when operational circumstances warrant.

3-3. Separation of duties

- a. The proper separation of duties creates a situation that should preclude errors and attempts at fraud or improper usage of the GPC. Key duties, such as making purchases (Cardholder), authorizing payments (Billing Official), certifying funding (Resource Managers), and reviewing and auditing transactions (Level IV A/OPCs and Property Book Officers) shall be assigned to different individuals in order to minimize the risk of loss to the Government to the greatest extent possible.
- b. If resource constraints prevent assignment of the key duties set forth in paragraph (a) above to different individuals, the HA will request a waiver through the Level IV A/OPC to the Chief of the Contracting Office. If approved, a copy of this waiver will be forwarded to the applicable Assessable Unit Manager for that organization (See AR 11-2). The status of these situations will be reviewed by the Level IV A/OPC during his or her annual inspection and may warrant additional surveillance.

- c. Notwithstanding the above-described waiver process, certain key duties shall not be assigned to the same individual. In no case shall the same individual be the Cardholder and the Billing Official for a GPC account. In no case shall the Chief of the Contracting Office, Property Book Officer, or any Level IV A/OPC (primary or alternate) also be 1.) A Cardholder, 2.) A Billing Official or 3.) A Contracting Officer who is making contract payments with a GPC or executing GPC documentation. It is highly recommended that a Cardholder, who is also a hand receipt holder, not purchase accountable property for their own use.

3-4. Span of control

- a. The Army standard for span of control for a Level IV A/OPC is 300 accounts. This number includes both Billing Official and Cardholder accounts. When the number of accounts assigned to a particular Level IV A/OPC exceeds the Army standard, the PARC and the DOC will ensure adequate resources are made available to allow the Level IV A/OPC's successful performance of his or her duties. When the span of control exceeds the Army standard by more than 10 percent and the DOC elects not to provide additional resources, the DOC will provide the PARC with formal documentation stating that the DOC has personally reviewed the existing span of control and has determined that it is adequate to ensure program administration and surveillance can be performed at a

satisfactory level. The Level III A/OPC will retain copies of this documentation.

- b. A Billing Official cannot perform his or her duties if too many cardholders have been assigned. The Billing Official must review cardholder activities in depth every month. This is a time consuming task. Therefore, a ratio of not more than seven Cardholders to one Billing Official is the Army standard. The total number of transactions, as well as the number of assigned Cardholders, must be considered when determining an acceptable Cardholder-to-Billing-Official ratio. In some cases, seven Cardholders may be too many for a particular Billing Official if the total number of transactions per month is excessive.
- c. The Billing Official will complete his or her review of assigned Cardholder monthly statements and certify the invoice for payment within five business days of the end of the billing cycle (15 days for accounts that have not been EDI enabled). During the annual inspection of Billing Official accounts, Level IV A/OPCs will determine whether the span of control is acceptable—that is, whether the Billing Official can reasonably be expected to complete a thorough review of all transactions and certify the invoice within five business days of its receipt. The Level IV A/OPC will document all cases where the Cardholder-to-Billing-Official ratio exceeds the Army standard. In these cases the Billing Official must

prepare a request for a waiver to policy. The request must address the unique conditions that affect the process and show, with a high degree of certainty, that the Billing Official can be expected to comply with the review and certification procedures. The request will include the number and location of assigned Cardholders, the total average number of transactions made by the Cardholders, the amount of time the Billing Official can devote to the certification process, the history of delinquencies, and other factors that seem appropriate. The waiver will be approved at the appropriate level as indicated below and will be maintained by the approver with copies furnished to the Billing Official:

- 8–10 Cardholders: Through the Level IV A/OPC to the DOC.
- 11–19 Cardholders: Through the A/OPC (Level IV and Level III) to the PARC.
- 20 or more Cardholders: Through the A/OPC (Level IV, Level III, and Level 2) to the DoD Purchase Card Joint PMO.

3-5. Tax-exempt status

For purchases within the United States (see the glossary for the related definition), the Cardholder will inform the merchant that the purchase is for official U.S. Government purposes and, therefore, is not subject to state or local sales tax. The GPC is embossed with the statement “U.S. GOVT TAX EXEMPT,” and

the Cardholder will point this statement out to any merchant that attempts to apply taxes to a purchase. In some tax jurisdictions, it may be necessary for the Cardholder to provide a tax-exempt number if requested by the merchant. The Federal Government is not exempt from certain federal and state excise taxes. Further, overseas purchases are not exempt from foreign taxes unless foreign tax agreements so specify.

3-6. Property accountability

- a. All personnel who are entrusted with the acquisition of Government property are responsible for its proper custody, safekeeping, and accountability. For the purpose of GPC purchases, an item is considered to be accountable if it is assigned a manufacturer's serial number. Cardholders shall ensure the accountable item is placed on a hand receipt. Local procedures should emphasize pre-purchase approvals and documentation subsequent to purchase. To ensure separation of duties, Property Book Officers will not be appointed as GPC Cardholders or Billing Officials.
- b. Level IV A/OPCs, in coordination with local Property Book Officers, will provide installation-specific guidance on property accountability procedures. Property Book Officers or their representatives should assist Level IV A/OPCs in their reviews of Billing Officials and Cardholders to ensure that property accountability procedures are being followed. The

reviewing Level IV A/OPC will provide formal reports of non-compliance to the local HA. Abuse or repeated non-compliance with property accountability procedures will be grounds to suspend GPC accounts until assurances are obtained that property accountability documents are made current and established procedures will be followed in the future.

3-7. Merchant Category Code (MCC) blocks and overrides

- a. The banking community has established a code system to categorize merchants by the goods and services they provide. These MCCs are used within the Servicing Bank's card processing system to authorize or decline purchase transactions based on controls established for each GPC account.
- b. Based on their MCCs, various classes of merchants have been blocked from doing business with the Army through the GPC. These merchants have identified themselves as specializing in certain products or services that are not authorized for official purchases with the GPC. The unauthorized MCCs are:
 - 4829 – Wire Transfer/Money Orders
 - 5932 – Antique Shops
 - 5933 – Pawn Shops

- 5937 – Antique Reproductions
- 5944 – Jewelry Stores
- 5960 – Direct Marketing Insurance
- 6010 – Financial Institutions: Manual Cash Advance
- 6011 – Financial Institutions: Automatic Cash Advance
- 6012 – Financial Institutions: Merchandise and Services
- 6051 – Non-Financial Institutions: Foreign Currency, Money Orders, and Travelers Checks
- 6211 – Security Brokers/Dealers
- 6760 – Savings Bonds
- 7012 – Timeshares
- 7273 – Dating and Escort Services
- 7995 – Betting, Casino Gaming Chips, and Off-Track Betting
- 8651 – Political Organizations
- 9211 – Court Costs, Alimony, and Child Support
- 9222 – Fines
- 9223 – Bail and Bond Payments
- 9311 – Tax Payments
- 9700 – Automated Referral Service

c. A merchant that has been blocked may still sell items that are authorized for purchase with the GPC. If a Cardholder determines that he or she must make a purchase from a source that has been blocked because of

its assigned MCC, the following procedures will apply. The request to override a merchant's blocked MCC must be prepared by the Billing Official of the Cardholder who wants to make the purchase. The request must contain the name and masked account number (show only the last 10 digits of the account number) of the Cardholder, a description of the item(s) to be purchased, the merchant's exact name and address, the MCC that must be overridden, the estimated dollar amount of the purchase, the estimated date of the purchase, and a description of efforts to locate a source other than the merchant with the blocked MCC. In addition, the request must specify the need for the particular requirement (for example, a special magnifying glass, available only from a jewelry store, needed to examine circuit card wiring).

- (1) The request will be routed through the appropriate Level IV A/OPC to the Level III A/OPC for approval. Approvals will be granted on a transaction-by-transaction basis. This process will not allow recurring purchases from a restricted merchant. If the request is approved, the Level III A/OPC will contact the Servicing Bank to have the specific transaction approved from the restricted merchant. The Cardholder will then have five days to make the purchase. At the time of purchase, the Cardholder will advise the merchant to call the Servicing Bank's Customer Service Department and provide the following information:

- (a) GPC number, Cardholder name and billing address.
- (b) GPC expiration date.
- (c) Purchase amount.
- (d) Advise that this transaction has been coordinated through the Army Level IV A/OPC.

3-8. Reconciliation

- a. The Cardholder reconciles the statement of account by reviewing it for accuracy and comparing it with his or her purchase log entries. If the statement is correct, the Cardholder approves it within three business days from the end of the billing cycle. If the statement is not correct, the Cardholder must contact the merchant and request correction. If the merchant will not cooperate and either process a correcting transaction or provide ordered goods and services, the Cardholder must dispute the incorrect transaction.
- b. The Billing Official must ensure GPC transactions are legal, proper, and correct in accordance with Government rules and regulations. If the billing statement is correct, following the Billing Official's review, certification of the Billing Statement is done within five business days. If the Billing Official finds questionable transactions, the Cardholder must be contacted to review supporting documentation. If the Billing Official determines the

Cardholder is negligent, appropriate administrative or disciplinary action must be taken in accordance with DoD and Army disciplinary policy. The Level IV A/OPC should be consulted in such matters.

3-9. Pay and confirm

The Army has adopted a policy of certifying invoices for payment before all purchased items may have been received. This procedure has been called "Pay and Confirm." Each Billing Official will establish a system to flag and track all transactions that have been certified for payment without proof of receipt and acceptance. This procedure will ensure that all transactions that have been reconciled and approved for payment will have receipt verified no later than 45 days after the date of the original invoice. If receipt and acceptance cannot be verified, the Cardholder shall protect the Government's rights by disputing the transaction (see paragraph FAR 1-9(6)(j)).

3-10. File retention

- a. The documents that must be retained in the file include (1) the Billing Official statement, (2) the Cardholder statement, and (3) all original receipts and documentation for those statements. In accordance with the DoD FMR, Volume 1, certified billing statements and supporting documents will be retained for six years and three months after final

payment. The Billing Official will maintain these records until they are transferred to a records holding area. However, if you are performing electronic certifications, you may rely on the servicing bank recordkeeping for the Billing Official and Cardholder statements. The servicing bank will maintain the statements for two years, then archive in a records holding area. Original records are the property of the U.S. Government and may not be removed from government control by the Billing Official for any reason.

- b. In addition, Level IV A/OPCs shall retain file documentation for appointed Cardholders and Billing Officials. As a minimum, this documentation shall consist of:
 - (1) Letter of GPC delegation (Cardholder or Billing Official)
 - (2) Ethics certification (if applicable)
 - (3) Required training certifications
 - (4) Audit reports

3-11. Convenience checks and foreign draft checks

Convenience checks and foreign draft checks (FDC/s) provide activities with the flexibility to issue checks for payment of small value purchases of supplies and services. Convenience checks are issued for domestic purchases valued in U.S. dollars when the merchant will not accept the GPC. DoD activities have the

flexibility to issue convenience checks to pay for products and services at the activity level. FDCs are issued for overseas purchases valued in foreign currency when the merchant will not accept the GPC. The following requirements apply to one or both of these financial instruments as specified.

- a. The Cardholder shall not use a convenience check or FDC unless its use is considered advantageous to the activity after evaluating all alternative methods of purchase. Convenience checks and FDCs may not be used to avoid the normal GPC payment process. Before a check is issued, the paying agency must make every effort to use the GPC, including making maximum efforts to find and use merchants that accept the GPC. The authority to maintain a checkbook shall be justified on an individual organization basis and controlled and monitored by the organization's HA. The number of checkbooks per installation must be kept to a minimum. Billing Officials shall develop and implement appropriate internal controls that protect the Government from potential misuse of the checks. Delegations of authority to maintain and use convenience checks will be granted in writing by the Chief of the Contracting Office.
- b. Convenience checkbook accounts are available only to organizations that maintain active GPC accounts in good standing. A convenience checkbook holder may have a GPC account and a separate convenience checkbook account. Convenience checks are pre-numbered, and their use

- is controlled with a separate convenience check purchase log for each account. Checkbook holder shall maintain original voided checks.
- c. Convenience checks and FDCs may not be issued for more than \$2,500 (or the foreign currency equivalent) per check and will be issued for the exact payment amount. In the case of an FDC, the payment amount will include the administrative processing fee. "Splitting" payment amounts across more than one convenience check or FDC to keep the purchase amount per check below the \$2,500 limit is prohibited. Convenience checks and FDCs will not be issued as an "exchange-for-cash" vehicle to establish cash funds. If merchants issue credit or refunds by cash or check, the funds must be immediately credited to the account against which the purchase was originally made.
 - d. Billing/Certifying Officials for convenience check and FDC accounts accept financial liability for payments made using these accounts. The intentional use of the Convenience Checks or FDC for other than official Government business may be considered an attempt to commit fraud against the U.S. Government. Misuse may result in immediate cancellation of an individual's Convenience Checking Account/FDC account, financial liability, and negative administrative and/or disciplinary action against the Cardholder and, if warranted, against the Billing Official.
 - e. Convenience checks and FDCs are negotiable instruments and must be stored in a locked container, such as a safe or locking filing cabinet.

Checks will be accounted for appropriately to prevent loss, theft, or potential forgery. Convenience check and FDC accounts must be audited at least quarterly. The checks will be reconciled just as other GPC transactions, as a part of the monthly statement billing cycle. Copies of voided checks must be retained as a part of the account-holder's original documentation files.

- f. The same purchase prohibitions that apply to the GPC apply to the convenience check and the FDC.
- g. The normal dispute process associated with the GPC is not applicable to convenience checks and FDCs. Any concerns over a purchase made with a check must be resolved directly with the merchant. The check writer is solely responsible for securing credit or disputing purchases with the merchant. Each organization is responsible for all checks written on an account, unless it is determined fraud is involved (see Section 4-5 on fraud). In some cases, payment can be stopped on a convenience check that has been written if the check has not yet been posted to an account. To stop payment on a check, the check-writer must call the Servicing Bank's Customer Service Department to receive instructions on processing the action.

- h. FDC accounts are established in the contracting office. Customer activities desiring FDC accounts outside the contracting office must justify, in writing, to the DOC why an account is necessary. Accounts are authorized when appropriate and necessary to support mission requirements.
- i. Heads of Activities will appoint personnel as Billing Officials, cashiers (check writers), and custodians of FDC accounts. Any U.S. Government employee—military or civilian—including local national employees, may be selected for appointment. Contractors working for the Army may not be selected for appointment.

FDC Billing Officials, cashiers, and custodians must receive standard GPC training prior to being issued active FDC accounts.

- (1) The check cashier is the only person who has the authority to issue and sign checks. He or she may hold a GPC account in addition to the convenience check FDC account, as long as the accounts are maintained separately.
- (2) The check custodian orders, receives, stores, issues, inventories, reconciles, and disposes of FDC stock. He or she will not be

responsible for approving and processing requirements for check writing.

(3) The Billing Official authorizes and certifies the issuance of FDCs written by the cashier. In order to maintain effective internal controls, the Billing Official may not perform the check-writing and maintenance functions of the cashier and custodian.

j. All convenience checks and FDCs must be reconciled as a part of the monthly billing statement at the end of the billing cycle.

k. Establishing Convenience Check Accounts.

(1) A request to establish convenience check accounts must be justified in writing by the organization's commander/director and forwarded to the Level IV A/OPC. If approved, a delegation of authority to maintain and use convenience checks will be granted in writing by the Chief of the Contracting Office. Required information must consist of the following:

(a) Reason for requesting checks.

(b) Check writer's complete name, office name, address, e-mail, phone and fax number.

(c) Single and monthly purchase limits.

(d) Types of vendors check will be written to.

- (2) Approximate dollar amount of checks intended to be written within a 12-month period.

I. Use of Convenience Check Accounts.

(1) Convenience checks may be used for small purchases, when supplies or service are available for delivery within 30 days whether at the contractor's place of business or at destination. Purchases made with the check must not require detailed specifications or an inspection report.

(2) Convenience checks may be used for purposes not related to small purchases when such expenditures are authorized by other regulations such as:

(a) Delivery charges associated with the purchases made with a convenience check when the contractor is requesting to arrange delivery. These charges include local delivery, parcel post including cash on delivery (C.O.D.) postal charges, and line haul or inter-city transportation charges, provided the charges are determined in the best interest of the Government.

(b) C.O. D. charges for supplies ordered for payment with a convenience check upon delivery.

(c) Metro transportation passes or tokens.

m. Prohibited Purchases.

(1) Payment of salaries and wages.

(2) Travel advances or any other advances.

(3) Payment of travel claims.

(4) Purchase from contractors or contractor's agents who are military personnel or civilian employees of the Government.

(5) Repetitive purchases from the same contractor when another method of purchase, such as a purchase card or blanket purchase agreement, would be appropriate.

(6) Payment of contracts.

n. The 1099 Tax Reporting Process (1099-TRP) was developed to collect Convenience Checks written for services, rent, medical and health care services and other IRS requirements. This data will be used to process IRS 1099-Misc forms.

All check writers and A/OPC's are required to complete forms DD2875 and DD 2869 systems access forms

To obtain access to the system, users must complete two system access forms, DD form 2875 and DD form 2869. Click this link for the forms **System Access Request Forms** (PDF) or go to the DoD

website:<http://west.dtic.mil/whs/directives/infomgt/forms/ddforms2500-2999.htm>

Carefully follow the instructions for completing the forms.

All checkwriters and Agency Program Coordinators must complete both forms.

Prior to accessing the 1099-TRP, all users should read the **Convenience Check User's Manual** (PDF).

Additional Information: Specific information regarding 1099 IRS regulations and the Purchase Card Program may be obtained by accessing the following links:

- [DoD Purchase Card Program Management Office](#)
- [IRS Home](#)
- [2005 GSA SmartPay Conference Presentation](#) (Text Only
PowerPoint 1.3MB)
[2005 GSA SmartPay Conference Presentation](#) (Graphical
PowerPoint 4MB)
- [IRS Publication 78, Charities](#)
- [2004 GSA SmartPay Conference Presentation](#) (PowerPoint
1.7MB)
- [System Fixes](#) (MS Word 641KB)
- [Identifying Public or Private Colleges and Universities](#)
- DFAS Tax Bulletin
 - [MS Word version](#) (4.85MB)

AUG 2003 – ATTENTION CONVENIENCE CHECK HOLDERS – There is a requirement for Convenience Check Holders to submit a 1099 to DFAS on any checks they issue for Services. This should be done throughout the year, and can be done on-line once the check writer and their corresponding Agency Program Coordinator (APC) officially request access to the 1099 TAX REPORTING PROGRAM. (Access is optional for an Approving Official.)

3-12. Contingency operations

a) Active component units deploying in support of contingency operations should take their locally issued GPCs with them to use while deployed. Prior to deployment, coordinate with the Contracting Activity that has contracting authority in the contingency area to see if there are special requirements for using the GPC while deployed in the AOR. If, after coordination with the contracting authority for the deployed area, it is determined that the deploying units will not take their cards, these accounts must be temporarily suspended during the period of deployment. If GPCs are authorized while deployed, make appropriate adjustments to lines of accounting, EDI flags and routers, and additional information to be entered in the Servicing Bank's electronic system.

b) For Reserve Units and National Guard:

Mobilizing Reservists may use their GPC until they reach the Mobilization (MOB) station. Once arriving at the mob station, the Reserve issued GPC shall no longer be used. The Reserve A/OPC will deactivate the mobilized soldier's GPC account at this point, through temporary closure or termination. The gaining activity in the contingency operation area will determine if a soldier will require a

GPC. If it is determined that the mobilized Reservist will require a GPC, the unit's command will identify the FORSCOM home station responsible for its issuance. All GPC accounts (cardholder and approving official) for mobilized Reservists will be managed by the FORSCOM home station installation A/OPC to which the contingency unit is assigned.

Cards are to be used in theater for mission essential requirements only. The A/OPC will provide a GPC cardholder worksheet to assist the cardholder with contingency purchases.

Chapter 4

Program Oversight and Reviews

4-1. Monitoring and surveillance

- a. Monitoring and surveillance of the GPC program are shared responsibilities. All stakeholders in the program, including Resource Managers, Property Book Officers, and local audit and oversight organizations, have a part in ensuring that the GPC is used in the proper manner and only authorized and necessary official purchases are made. The Servicing Bank's automated system gives all A/OPCs and Resource Managers the capability to electronically review Cardholder transaction details on a daily basis. This tool must be used to maintain the highest level of visibility over this program.

- b. Level III A/OPCs will make semi-annual reports (due 21 April and 21 October) to the Army Level II A/OPC, providing the results of the surveillance programs for their prospective organization. Each report will list the number of Billing Official accounts that were inspected in the two previous fiscal-year quarters, the method of inspection (hands-on or other), the total number of transactions that were reviewed, the number of formal reports issued to the Chief of the Contracting Office, a summary of significant findings (such as systemic problems, gross abuse by an individual, or fraud) that were included in these reports, and a summary of adverse actions, if applicable, (type and number) against the individuals responsible for the significant findings. The report will also identify examples of exceptional GPC programs or performance.
- c. Level IV A/OPCs will annually inspect a representative, randomly selected sample of transactions of each Billing Official account. Hands-on inspections are preferred, but alternative methods are allowable. The Level IV A/OPCs will review the selected transactions to verify that the Billing Officials are following correct procedures and processes. The Level IV A/OPCs are encouraged to include participation from representatives of the local Resource Management Office as well as other local oversight organizations in their surveillance programs. At a minimum, these reviews will address compliance with formal GPC

purchase and payment procedures, appropriateness of spending limits, span of control, and property accountability. Review guidelines and checklists are provided in Appendix D. In addition to the above, as specified by AFARS 5113.270(a), convenience check and FDC accounts shall be audited quarterly.

4-2. Management reviews

- a. **Activities shall conduct a formal management control evaluation of their organizations' GPC programs at least once every two years. They must certify that they have completed this evaluation by preparing and signing DA Form 11-2-R. A copy must also be provided to the Chief of the Contracting Office. Appendix D provides an agency/organization compliance checklist.**

- b. **Although a formal evaluation is required every two years, Heads of Activities should conduct a program review as an assessment tool prior to signing annual assurance statements. DoD FMR 7000.14-R, Chapter 33, Volume 5, Paragraph 3308, requires pre-payment and post-payment random reviews of Billing Official actions by the appointing authority (or his or her designated review official). When a review results in an allegation of an erroneous payment, the Head of Activity must convene or order an investigation in accordance with Chapter 33 of the DoD FMR. If the Head of Activity does not have authority to appoint an investigating official or**

board, a request for appointment shall be submitted through the chain of command to the appropriate level.

4-3. Suspected abuse or fraud

- a. All Government employees must prevent the loss of taxpayer money by preventing fraud and the conditions that lead to it. Government fraud is often committed by or with the help of DoD employees. For example, there have been instances of DoD employees creating or participating in the ownership of outside businesses for the purpose of committing fraud or abuse of the GPC through their ability to make buys with the card. All instances of suspected fraud or abuse must be reported. Various channels of reporting include the Chain of Command, the A/OPC, the command's procurement fraud advisor (Judge Advocate General), the servicing Criminal Investigation Division (CID) office, internal review organizations, and Inspector Generals (IGs) at all levels.
- b. If proper procedures are followed to report GPC fraud, the Government is generally not responsible for paying for fraudulent charges incurred.
- c. The following are violations of policy indicators of possible fraud:
 - (1) Repetitive buys from the same merchant.
 - (2) Lack of documentation for a purchase.

- (3) Failure to safeguard cards and account numbers.
- (4) Cardholders/Billing Official authorizing the use of their cards by others.
- (5) Inadequate oversight by Billing Officials and agencies.
- (6) Unauthorized purchases.
- (7) Payments made for items not received.
- (8) Split purchases to avoid spending limitations.
- (9) Lack of accounting for nonexpendable or sensitive items.
- (10) Forwarding invoices/billing statements late to DFAS incurring interest penalties.
- (11) Approval of a Cardholder's statement of account by someone other than the Cardholder or Billing Official (or alternate).
- (12) Cardholders returning merchandise to merchants for store credit vouchers instead of having credits issued back to their GPC accounts.

4-4. Metrics and reporting requirements

- a. There are many reports available through the Servicing Bank's automated system that will assist all A/OPCs in the management and oversight of the GPC program. In addition to reviewing these reports, A/OPCs at all levels should collect and maintain certain metrics that will be used to assess the performance of their program. These include:

- (1) The number of open Cardholder accounts assigned to a Billing Official.
- (2) The number and dollar amount of transactions.
- (3) The number of accounts that have been inactive (that is, accounts with no transactions posted) for more than six months.
- (4) The percentage of delinquent (that is, over 30 days past due) Billing Official accounts out of all open accounts. The Army goal is to pay all accounts on time. Level IV A/OPCs who have a history of more than 5 percent of Billing Official accounts delinquent during four or more billing cycles in the reporting period must report, on a semi-annual basis to their Level III A/OPCs, what corrective actions they have taken to improve payments. Delinquencies as a percentage of the outstanding balance due also should be tracked.
- (5) The percentage of Billing Official accounts that are EDI enabled. The Army goal is 100 percent of non-exempt accounts processing GPC certifications through the Servicing Bank's EDI system.
- (6) The percentage of Billing Official accounts that have been reviewed within the previous six months. The Army requires that 100 percent of Billing Official accounts be reviewed annually.

b. The formal reporting requirements for reporting to the Army Level II A/OPC are listed in Appendix G.